EX PARTE OR LATE FILED

TELEVISTA COMMUNICATIONS, INC.

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FEB 7 1994

FCC - MAIL ROOM

VIA UNITED PARCEL OVER NIGHT SERVICE

92-266

February 4, 1994

Ms. Donna R. Searcy
Office of the Secretary
1919 M Street, N.W., Room 222
Washington, DC 20554

Re: **PETITION TO FILE SUPPLEMENTAL COMMENTS REGARDING LOW DENSITY AND SMALL CABLE SYSTEMS**

Dear Ms. Searcy:

Enclosed are original and nine copies of the above captioned pleading for filing.

If you have any questions or require additional information, please contact me at (313) 753-3455.

Thank you.

Sincerely,

Michael E. Turner
President

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List ABCDE

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FEB 7 1994

FCC - MAIL ROOM

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Implementation of Sections of	)	
the Cable Television Consumer	)	MM Docket 92-266
Protection and Competition Act	)	
	)	
Rate Regulation	)	

PETITION TO FILE SUPPLEMENTAL COMMENTS REGARDING LOW DENSITY AND SMALL CABLE SYSTEMS

Televista Communications, Inc. petitions the Commission for permission to file the attached Supplemental Comments Regarding Low Density and Small Cable Systems in this docket.

Upon continued investigation and review of the Commission's benchmark rate structure, Televista has prepared additional information on actual costs borne by small cable operators, which it believes is essential for the Commission to take into consideration, and which Commission Staff Members have requested Televista to provide. Therefore, Televista respectfully requests that the attached Supplemental Comments be accepted and made part of the permanent record of this proceeding.

Respectfully submitted,

TELEVISTA COMMUNICATIONS, INC.

Dated: February 4, 1994

By: Michael E. Turner

Michael E. Turner
President
37269 Huron River Drive
P. O. Box 604
New Boston, Michigan 48164
(313) 753-3455

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Implementation of Sections of	)	
the Cable Television Consumer	)	**MM Docket 92-266**
Protection and Competition Act	)	
	)	
Rate Regulation	)	

SUPPLEMENTAL COMMENTS
REGARDING LOW DENSITY AND SMALL CABLE SYSTEMS

These Supplemental Comments are filed to provide information regarding the necessity of adjustments to the FCC Competitive Cable Television Rate Benchmarks when applied to small cable systems and cable systems with low numbers of homes per mile of cable.

These comments will provide actual cost data that will assist the Commission's consideration of problems with the FCC Cable TV Rate Survey Database, detailed in Televista's Reply to Oppositions to Petitions for Reconsideration; MM Docket 92-266, filed July 29, 1993 (copy attached)

Televista is a small family owned cable TV company serving exclusively rural and exurban areas, with an average of less than 30 homes per mile of cable. Our two systems, Televista Communications and North Oakland Cablevision ("Televista Systems") together serve 6704 customers. We serve areas that the large MSO's bordering our areas had historically declined to serve.

The FCC Cable TV Rate Survey Database demonstrates that the average housing density of all cable companies, nationwide, is approximately 60 homes per mile of cable.

We serve Sumpter, Augusta, York, Springfield, Groveland and Rose Townships, at the outer edges of Wayne, Washtenaw, and Oakland Counties, Michigan. Notwithstanding the low density, as we are on the edges of the Detroit Metropolitan area, our systems are state-of-the-art 450 MHz addressable systems, offering 40 or more basic channels.

Our July 29, 1993 Pleading presents findings of our computer analysis of the FCC Cable TV Rate Survey Database on which the Commission based its Cable Rate Benchmarks. That analysis disclosed several startling facts about the FCC Rate Benchmarks.

First, the FCC Rate Benchmarks are based on cable television rates charged by big cable companies serving densely populated urban and suburban areas with average housing density of over 60 homes per mile of cable.

Second, less than 64/100 of 1% of the homes in the FCC Cable TV Rate Survey Database, on which the FCC based its Cable Rate Benchmarks, are in areas of 40 homes or less per mile of cable.

Third, the FCC Rate Benchmarks make no provision for the dramatically higher costs per subscriber that a small cable company serving a sparsely populated rural or exurban area incurs, compared to those of the big companies in the densely populated urban and suburban areas, on which the FCC Rate Benchmarks are based.

This is unfair to smaller cable systems serving sparsely populated areas, and is arbitrary. Elected and other Government Officials can readily attest to the extra vehicle, travel, and telephone expense, not to mention additional shoe leather, that is required to serve a sparsely populated area, with great distances between homes, compared to densely populated areas.

It costs approximately $15,000 to build and hook up a mile of cable whether that mile passes over 60 homes or passes fewer than 30 homes. This results in the small cable company in a sparsely populated area incurring capital costs per subscriber that are twice those of a big company in a dense area.

As the smaller company in a sparsely populated area must send its trucks and personnel much farther between customers, must employ more people per customer to cover sparse territory, and does not get the programming discounts of the big companies, the small company's operating costs are much higher than the big company's.

Put simply, there is an absolute correlation between the density of homes per mile of cable, and the costs per subscriber of providing cable service.

However, the FCC Cable TV Rate Survey did not elicit cost information from cable companies, and therefore, the FCC Rate Benchmark formulae which are based on that survey do not reflect the greater costs per subscriber that small and rural or exurban systems incur.

The failure of the FCC Rate Benchmark formulae to differentiate between cable operators by housing density, and by size, renders application of the current Benchmark Rates to systems of less than 40 homes per plant mile, and to small systems, arbitrary.

To provide actual cost information to the Commission, and to demonstrate the effect that housing density has on capital costs, the chart that follows presents a comparison of Televista's actual capital costs per subscriber, with the capital costs per subscriber that would result if the areas Televista serves had the 62 homes-per-mile density that the FCC Rate Benchmarks are based upon.

COMPARISON OF CAPITAL COSTS PER SUBSCRIBER

	TELEVISTA ACTUAL	FCC RATE BENCHMARKS DENSITY
Plant Miles	430	430
Homes Passed	12,400	26,660
Subscribers	6,704	14,413
Homes per Mile of Cable	29	62
Subscribers per Mile of Cable	16	34
Number of Headends	2	1
Headends Cost	$ 365,345	$ 182,672
Cable Plant and Equipment Cost	$4,708,216	$4,708,216
Converters and Drop Material Cost	$1,256,469	$2,695,523
Total Capital Costs	$6,330,030	$7,586,411
Converters and Drop Material per Subscriber	$187	$187
Headend Cost Per System	$182,672	$182,672
Cable Plant and Equipment Cost per Mile of Cable	$10,949	$10,949
Total Capital Costs per Mile	$14,721	$17,643
Total Capital Costs per Subscriber	$944	$526

As can be seen, the capital costs per subscriber are almost twice as high in Televista's systems, with less than 30 homes per mile, than they would be in a system with the density of 62 homes per mile that the FCC Rate Benchmarks are based upon.

An analysis by Arthur Andersen and Company (attached) demonstrates that a small cable company serving less than 30 subscribers per mile must be able to charge higher subscriber rates, than do average companies in average density areas, simply to cover the capital cost of building the system in sparse areas.

Televista serves an average of 16 subscribers per mile. Under the Arthur Andersen Analysis, Televista must generate revenues of almost $4.00 per month more than the average cable system, simply to cover the cost of building the system in the sparsely populated areas to which we have brought cable television.

Operational costs of small and rural or exurban cable operators also exceed industry averages. For example, programming costs, at rate card, are far higher for small systems, including the Televista Systems, than for large systems, which receive substantial discounts from rate card prices.

Personnel, vehicle, and fuel costs are also much higher for rural systems than for dense systems, as personnel and equipment must travel much farther to service cable customers.

Small companies, including the Televista Systems, also are administratively and technically much more expensive to run than large systems, as costs such as legal, accounting, bookkeeping and administrative and technical supervision costs must be spread over a much smaller subscriber base.

Test equipment and engineering expenses for FCC required headend and distribution system proofs also cost small operators more per subscriber as those costs are spread over fewer subscribers per headend and fewer subscribers per mile of cable.

These, as well as other, inequities imposed by the FCC Rate Benchmarks are addressed in greater detail in our July 29, 1993 pleading.

Televista believes that the FCC Cable TV Rate Survey Database demonstrates that the FCC Competitive Cable TV Rate Benchmarks should not be applied to cable systems of less than 40 homes per mile, and that such systems should be exempted from Benchmark application.

The FCC Cable TV Rate Survey Database demonstrates that actual competition virtually never occurs in low density systems (only 64/100's of 1% of the homes in the Database are in areas that experience competition and have densities of less than 40 homes per mile). It is therefore statistically insupportable for the Benchmarks based upon actual competition in dense areas to be applied to companies serving low density areas.

Alternatively, Televista believes that an approach referred to as "Benchmarks Plus" should be utilized by the Commission. Under that approach, cable companies with lower than average housing densities would be allowed to escalate rates from the Benchmark according to a sliding scale based upon the amount by which the company's density differs from the average density on which the Benchmarks were based.

The Arthur Andersen and Co. analysis (attached) demonstrates the use of this approach to address the greater per-subscriber capital costs incurred in low density systems. The same approach could also be utilized to address the greater per-subscriber operating costs incurred in low density systems.

Televista is currently above the benchmark rate mandated by the current regulations. Reduction of rates to Benchmark levels would have made it impossible for Televista to service debt, and without substantial infusions of capital would have put the company out of business.

Televista is thus forced to proceed on a Cost-of-Service basis. This will be extremely burdensome for Televista, as well as the six small Franchise Jurisdictions we serve, and indeed the FCC.

First, Televista must compile data and present Cost of Service proofs for the basic tier to each of the franchise jurisdictions it serves. Each cost of service showing will be different, and require separate preparation, as each franchise jurisdiction will have slightly different plant characteristics and costs.

Second, Televista must make six related showings to the FCC for the satellite tier -- again each one different and requiring separate preparation and proofs.

If the Commission does not address the inequities that the current Benchmarks impose on small companies serving sparse areas, most small companies will be forced to go through this burdensome process. These are the very companies, and very franchise jurisdictions, that have the least expertise and the least ability to shoulder legal and accounting expenses necessary to go through the Cost of Service Rate Justifications.

Recognition of the substantive differences between systems operating in areas of normal density and those operating in rural or exurban areas, and appropriate changes to the application of the benchmarks, will save small operators, small franchise jurisdictions, and the Commission, great difficulty and frustration.

Televista urges the Commission to address these inequities in the FCC's current rulemaking procedure.

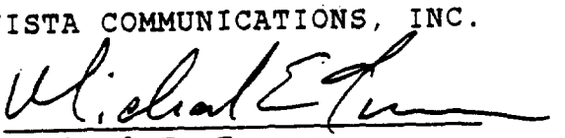
If the Commission or Staff have any questions regarding this matter, or would like any additional information, please write me, or call me at (313) 753-3455.

Thank you for your consideration of this important matter.

Respectfully submitted,

TELEVISTA COMMUNICATIONS, INC.

Dated: February 4, 1994

By: 

Michael E. Turner
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ATTACHMENT
SUBSCRIBERS PER MILE OF PLANT AND CONSTRUCTION COST PER SUBSCRIBER

LOW DENSITY SYSTEMS SHOULD BE PERMITTED TO ADJUST BENCHMARKS

Systems with an average of less than 30 subscribers per mile should be permitted to adjust their benchmarks upward to account for higher costs. The exact amount of the adjustments should be based on the percentage by which a given system's per subscriber construction costs (per mile) exceed the average per subscriber construction costs for the systems included in the Commission's database. As demonstrated by the attached chart, density has an enormous impact on per subscriber construction costs.

Subscribers Per Mile of Plant and Construction Cost per Subscriber

							Average
Construction Cost Per Mile	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000
Subscribers Per Mile *	10	15	20	25	30	35	37.75
Construction Cost Per Mile Per Subscriber	$1,500	$1,000	$750	$600	$500	$429	$397
Percentage Difference From Average	277.50%	151.67%	88.75%	51.00%	25.83%	7.86%	0.00%
Depreciation Cost Per Mile Per Month **	104	104	104	104	104	104	104
Depreciation Cost Per Mile Per Subscriber Per Month	$10.42	$6.94	$5.21	$4.17	$3.47	$2.98	$2.76
Percentage Difference From Average	277.50%	151.67%	88.75%	51.00%	25.83%	7.86%	0.00%
Dollar Difference From Average	$7.66	$4.19	$2.45	$1.41	$0.71	$0.22	$0.00

* 37.75 subscribers per mile is the average from the FCC database.
** Assumes average life of 12 years.

ANALYSIS BY ARTHUR ANDERSEN & CO.

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Implementation of Sections of	)	
the Cable Television Consumer	)	MM Docket 92-266
Protection and Competition Act	)	
	)	
Rate Regulation	)	

REPLY TO OPPOSITIONS TO PETITIONS FOR RECONSIDERATION

Televista Communications, Inc.

Michael E. Turner
Televista Communications, Inc.
37269 Huron River Drive
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New Boston, Michigan 48164
(313) 753-3455

July 29, 1993

[COPY -- WITHOUT APPENDICES]

REPLY TO OPPOSITIONS TO PETITIONS FOR RECONSIDERATION

This pleading is filed by Televista Communications, Inc. to submit to the Commission important information regarding the statistical insufficiency of the FCC Cable TV Rate Survey Database and the inapplicability of FCC Competitive Cable TV Rate Benchmarks to rural cable systems.

Televista Communications is a small family owned cable operator serving exclusively rural areas, with housing densities of approximately 30 homes per plant mile. Our two systems, Televista Communications and North Oakland Cablevision ("Televista Systems") together serve 6100 customers. We serve areas that the large MSO's bordering our areas had historically declined to serve.

Televista has analyzed the FCC Cable TV Rate Survey Database ("FCC Rate Database") to determine the average housing density in systems where competition was found to exist by the FCC, and to determine how often competition exists in rural areas like those that the Televista Systems serve.

A Summary of Televista's findings is included with this document as Attachment A. The entire print-out of the study is enclosed as Appendix I.

In a nutshell, the FCC Rate Database covers so few homes in rural areas (areas of less than 40 homes per plant mile) where competition exists, that the FCC Rate Database is statistically insufficient to support the imposition of the Benchmark Rates on systems with housing densities of less than 40 homes per plant mile.

An old story comes to mind of the man who drowned while fording a river that had an average depth of only three feet -- he stepped in a hole where the average depth was of no consequence.

The same kind of problem arises when the FCC derives average rates from areas where competition exists -- virtually all such areas are densely populated -- and applies those average rates across the board to systems in both dense and rural areas.

Only 65/100 of 1% of the homes in the FCC Rate Database are: 1) in areas of less than 40 homes per plant mile; and, 2) in areas where either Types B or C competition exist.

Moreover, only 17/100 of 1% of the homes in the FCC Rate Database are: 1) in areas of less than 30 homes per plant mile; and, 2) in areas where either Types B or C competition exist.

Therefore, the FCC Rate Database and the Benchmark Rates derived from the Database should not apply to rural systems.

Televista's analysis excluded data for systems where the FCC Cable TV Rate Survey Database did not reflect the numbers of Homes Passed, Homes Subscribing, or Plant Miles, as those three variables are essential to housing and subscriber density analysis.

Televista's analysis divided the FCC Rate Database into three housing density groups:

1) Systems of All Densities (including both high and low density systems)

2) Systems of Less than 40 Homes Per Mile

3) Systems of Less Than 30 Homes Per Mile

The analysis then looked at each of those housing density groups relative to types of competition shown in the FCC Rate Database.

This discussion will focus on Competition Types B and C, as most rural systems have penetration rates exceeding the 30% level that evidences Type A Competition.

Televista's analysis disclosed that systems of less than 40 homes per mile are statistically under-represented in the FCC Rate Database for all Competition Types.

In the FCC Database:

1) In systems with Type A Competition, the average density is 98 homes per plant mile; in systems with Type B Competition, the average density is 64 homes per plant mile; and, in systems with Type C Competition, the average density is 62 homes per plant mile.

2) Type B or C Competition exist in a total of 53 systems, of all housing densities, (serving 847,364 homes -- 16.23% of the homes in the FCC Rate Database). This represents more than 1 out of every 6 homes in the FCC Rate Database.

3) 15.5% of all homes are in cable systems with housing densities of less than 40 homes per plant mile. This is also more than 1 out of every 6 homes in the FCC Rate Database.

4) However, where housing density is less than 40 homes per plant mile, Type B or C Competition exist in only 7 small systems (serving 34,201 total homes -- 65/100 of 1% of the homes in the FCC Rate Database). This represents less than 1 out of every 150 homes in the FCC Rate Database.

5) Moreover, where housing density is less than 30 homes per plant mile, Type B or C Competition exist in only 2 small systems (serving 9,028 total homes -- 17/100 of 1% of the homes in the FCC Rate Database). This represents less than 1 out of every 550 homes in the FCC Rate Database.

This all boils down to a self evident fact: Cable companies, MMDS providers, or Franchise Authorities almost never compete with cable systems in rural areas -- there are simply not enough homes in rural areas to support two competing systems.

The hard fact is, in rural areas, it is extremely difficult for even one company to cover its construction and operating costs, let alone for two companies to do so while effectively splitting the sparse subscriber base.

In such rural areas, the costs per subscriber are much higher than the costs per subscriber in areas of average density. It costs the same amount to build, power, and maintain a mile of cable whether 30 homes or 60 homes are passed in that mile. But in rural areas, those same costs must be spread over half (or fewer) the subscribers per mile.

Enclosed, as Attachment B is an analysis by Arthur Andersen & Co., quantifying the additional construction cost per subscriber in systems of low subscriber density. The Arthur Andersen study demonstrates that systems with subscriber density of 15 subscribers per mile, have costs over a 12 year period of $4.19 per month, per subscriber, greater than systems of average subscriber density.

This demonstrates that systems such as the Televista Systems, with subscriber density of approximately 16 per mile, must generate revenues of almost $4.00 more than the average cable system, simply to cover the cost of building the system.

Operational costs of small and rural systems also exceed industry averages. For example, programming costs, at rate card, are far higher for small systems, including the Televista Systems, than for large systems, which receive substantial discounts from rate card prices.

Personnel, vehicle, and fuel costs are also much higher for rural systems than for dense systems, as personnel and equipment must travel much farther to service cable customers.

Small companies, including the Televista Systems, also are administratively and technically much more expensive to run than large systems, as costs such as legal, accounting, bookkeeping and administrative and technical supervision costs must be spread over a much smaller subscriber base.

The failure of the FCC Rate Benchmark formulae to differentiate between cable operators serving areas of average subscriber and housing densities versus those serving areas of low subscriber and housing densities, as well as the failure to differentiate between large companies and small companies, renders application of the Benchmark Rates to systems of less than 40 homes per plant mile, and to small systems, arbitrary and capricious.

Under the FCC Benchmark formulae, many small systems, including the Televista Systems, would be required to roll rates back. Such rate rollbacks cannot be sustained by the Televista Systems, or other small systems serving exclusively rural areas.

Under the FCC Benchmark Rates, the two Televista Systems would suffer revenue reductions of over $195,000 per year. Such roll-backs would put the Televista systems in violation of bank covenants, and without substantial infusions of capital would make it impossible for the Systems to service debt.

Moreover, as the benchmark formulae require franchise by franchise analyses, many companies, including the Televista Systems, would actually end up with different rates for each Franchise -- in Televista's case six different franchises, each covering between 400 and 1500 subscribers.

As it now stands, because the Benchmark rates do not cover costs, many small companies, including the Televista Systems, are forced to proceed on a Cost of Service basis. However, the cost of service approach is extremely uncertain and burdensome.

First, a company must compile data and present Cost of Service proofs for the basic tier to each of the franchise jurisdictions it serves. Each cost of service showing will be different, and require separate preparation, as each franchise jurisdiction will have slightly different plant characteristics and costs.

Second, the company must make related showings to the FCC for the satellite tier -- again each one different and requiring separate preparation and proofs.

Finally, companies do not know what the Cost of Service process will be like, as the FCC has not yet released the Rules. The only indications from the Commission are that Cost of Service Showings will be costly, time consuming, difficult, will potentially require greater roll-backs than do the Benchmarks, and are discouraged by the Commission.

This is simply not fair. At the very least, the FCC Rate Benchmarks must differentiate between cable operators, by housing and subscriber densities, and by company and system sizes.

Most small operators could be viewed as good entrepreneurs, who risked substantial capital, became liable for extensive debts, and built cable systems in areas that larger companies had consistently declined to serve. Small operators did what Congress hoped the 1984 cable deregulation would do -- brought cable TV to sparsely populated rural areas.

Let me further describe our two companies. The companies are family owned. We started from scratch in 1987, and now serve, between the two companies, 6100 subscribers in six rural townships on the northwestern and southwestern margins of the Detroit metropolitan area.

One company, Televista Communications, serves 2900 customers in Sumpter, Augusta, and York Townships in Southwestern Wayne and Southeastern Washtenaw Counties. The other company, North Oakland Cablevision, 65 miles away, serves 3200 customers in Springfield, Groveland, and Rose Townships in Northwestern Oakland County.

Because these are rural areas, they were historically not deemed serviceable by any of the large MSO's that border our systems. Following cable deregulation, we formed our companies to bring cable to these areas.

The systems average 29 and 31 homes per mile of cable plant in the franchised townships, including trailer parks within the borders of the townships. Those trailer parks had been free standing Satellite Master Antenna Systems (SMATV's) that we purchased and rolled into the franchised systems, increasing dramatically the number of channels and quality of the programming that the trailer park residents could receive. Without those trailer parks, the housing density in the two systems is 26 and 29 homes per plant mile.

The Televista Systems average approximately 16 subscribers per plant mile.

Notwithstanding the low density, the Televista Systems are state-of-the-art 450 MHz addressable systems. As such, the systems were expensive to build, and, owing to the sparse density, are expensive to operate. We provide a total of 39 basic and satellite channels in the Televista Communications System, and 45 basic and satellite channels in the North Oakland Cablevision System. We currently charge $24.45 in both systems for full basic service, including both tiers, and including franchise and public access fees.

That price structure allows the Televista Systems to service debt, and meet bank covenants.

The Televista Systems' subscriber rates are currently the same as, or less than, those charged by MSO's serving areas bordering our small systems. Of course, those large MSO's pay much less for

programming than we do, have much greater efficiencies of scale than we do, serve areas of much greater density than we do, and have far higher profit margins than we do.

And yet, the Televista Systems and other small operators are now caught in a snare that Congressional representatives have publicly stated was intended for large MSO's. The Televista Systems are told that we must roll subscription rates back to levels that primarily large MSO's charge in areas (where competition exists) with housing density that is twice the density of the rural areas that the Televista Systems serve.

We are then told to prepare to make burdensome cost of service showings for many different franchise areas, serving small numbers of subscribers -- the same showing that a large company would make for an area serving 100,000 subscribers.

We do not believe that either Congress or the FCC intended to so impact small operators in sparse rural areas.

We respectfully request that the Federal Communications Commission make findings and conclusions that:

1) Small cable companies, and companies serving areas with less than 40 homes per mile, do not have the efficiencies of scale or housing density of large MSO's.

2) The FCC Cable TV Rate Survey Database is statistically insufficient regarding Cable Systems serving areas with housing density of less than 40 homes per plant mile where Types B or C Competition exist to support imposition of Benchmark Rates on systems of less than 40 homes per mile.

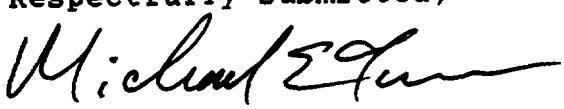
3) Competition between cable systems, or similar multi-channel providers does not exist in areas of housing density of less than 40 homes per mile with sufficient frequency to justify imposition of "Competitive Rates" on systems serving areas of less than 40 homes per mile.

4) For the above reasons, the Benchmark Rates should not apply to small systems or systems serving areas of less than 40 homes per mile.

5) Insofar as they should apply at all, the Benchmark and Cost of Service processes should apply on MSO-wide bases, not on franchise bases, wherever less than 10,000 subscribers are served in a Franchise area or in a component company, so as to avoid the burden on small operators of preparing separate Benchmark and Cost of Service showings for very small franchise areas.

We hope this information and analysis will be of assistance in the development of fair and appropriate Regulations.

Respectfully submitted,



Michael E. Turner
President

DATED: July 29, 1993

ATTACHMENT A -- SUMMARY -- HOMES PER PLANT MILE BY COMPETITION TYPE
(from FCC Cable TV Rate Survey Database, excluding incomplete data)

COMPETITION TYPE	# OF SYSTEMS	HOMES PASSED	PLANT MILES	AVERAGE HOMES PER PLANT MILE (HPM)	% OF TOTAL HOMES
ALL RESPONSES					
- ALL DENSITIES	369	5,220,133	88,904	59	100.00%
- LESS THAN 40 HPM	133	554,615	27,321	20	10.62%
- LESS THAN 30 HPM	84*	254,615	18,865	13	4.88%
TYPE A COMPETITION					
- ALL DENSITIES	64	885,979	9,052	98	16.97%
- LESS THAN 40 HPM	28	49,661	1,649	30	.95%
- LESS THAN 30 HPM	17*	15,965	771	21	.31%
TYPE B COMPETITION					
- ALL DENSITIES	38	662,845	10,342	64	12.70%
- LESS THAN 40 HPM	6	25,173	748	34	.48%
- LESS THAN 30 HPM	1*	1,472	89	17	.03%
TYPE C COMPETITION					
- ALL DENSITIES	15	184,519	2,955	62	3.53%
- LESS THAN 40 HPM	1	7,556	290	26	.14%
- LESS THAN 30 HPM	1*	7,556	290	26	.14%
NO COMPETITION					
- ALL DENSITIES	251	3,485,623	66,488	52	66.77%
- LESS THAN 40 HPM	97	471,058	24,567	19	9.02%
- LESS THAN 30 HPM	64*	228,455	17,648	13	4.38%

* systems less than 30 HPM are included in systems less than 40 HPM

ATTACHMENT B
SUBSCRIBERS PER MILE OF PLANT AND CONSTRUCTION COST PER SUBSCRIBER

LOW DENSITY SYSTEMS SHOULD BE PERMITTED TO ADJUST BENCHMARKS

Systems with an average of less than 30 subscribers per mile should be permitted to adjust their benchmarks upward to account for higher costs. The exact amount of the adjustments should be based on the percentage by which a given system's per subscriber construction costs (per mile) exceed the average per subscriber construction costs for the systems included in the Commission's database. As demonstrated by the attached chart, density has an enormous impact on per subscriber construction costs.

Subscribers Per Mile of Plant and Construction Cost per Subscriber

							Average
Construction Cost Per Mile	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000
Subscribers Per Mile *	10	15	20	25	30	35	37.75
Construction Cost Per Mile Per Subscriber	$1,500	$1,000	$750	$600	$500	$429	$397
Percentage Difference From Average	277.50%	151.67%	88.75%	51.00%	25.83%	7.86%	0.00%
Depreciation Cost Per Mile Per Month **	104	104	104	104	104	104	104
Depreciation Cost Per Mile Per Subscriber Per Month	$10.42	$6.94	$5.21	$4.17	$3.47	$2.98	$2.76
Percentage Difference From Average	277.50%	151.67%	88.75%	51.00%	25.83%	7.86%	0.00%
Dollar Difference From Average	$7.66	$4.19	$2.45	$1.41	$0.71	$0.22	$0.00

* 37.75 subscribers per mile is the average from the FCC database.
** Assumes average life of 12 years.

ANALYSIS BY ARTHUR ANDERSEN & CO.

APPENDIX I

ANALYSIS OF FCC CABLE TV RATE SURVEY DATABASE SHOWING HOMES PASSED AND SUBSCRIBER DENSITY BY COMPETITION TYPE

THE FULL APPENDIX IS ON FILE AT THE FCC, AS FILED WITH THE PLEADING. COPIES OF THE APPENDIX ARE AVAILABLE FROM:

Michael E. Turner, President
Televista Communications, Inc.
37269 Huron River Drive
P. O. Box 604
New Boston, Michigan 48164
(313) 753-3455